Bristol-Myers Squibb Chairman & CEO Giovanni Caforio Remarks before the Senate Finance Committee on Tuesday, February 26, 2019

Chairman Grassley, Ranking Member Wyden, and members of the Committee, thank you for the opportunity to be here today on behalf of the 24,000 employees at Bristol-Myers Squibb, who are working every day to improve the lives of patients with serious diseases. I look forward to working together to align incentives to ensure all Americans have access to the medicines they need.

I am a physician who joined the biopharmaceutical industry 30 years ago because of the impact companies like Bristol-Myers Squibb – and the others represented here today – have on patients with serious diseases. We should all be proud that American companies lead our industry.

Bristol-Myers Squibb researchers have contributed to the development of medicines that have reduced mortality from cardiovascular disease, helped transform HIV/AIDS into a chronic disease, and are now making significant progress in the treatment of cancer.

Just 10 years ago, the idea of harnessing the immune system to treat cancer was viewed with great skepticism. But Bristol-Myers Squibb researchers saw the promise of the approach and ignited an era of scientific innovation that has changed survival expectations in multiple tumor types.

Prior to the availability of Immuno-Oncology treatments, only 25 percent of patients diagnosed with metastatic melanoma survived 1 year. Today, thanks to Immuno-Oncology therapies, this has increased to 74 percent.

The potential of this approach has also been seen in lung cancer, kidney cancer, and many other difficult-to-treat tumors. Patients with these diseases now have a chance for quality, long-term survival.

But not all patients respond to current immunotherapies, so we must do more. We recently opened a new discovery facility dedicated to investigating Immuno-Oncology resistance, and we continuously seek external innovation to augment our pipeline across multiple therapeutic areas. In this context, we recently announced our plan to acquire Celgene, a natural next step for our company. Our goal is to bring together the drive and dedication of two science-driven organizations to do even more for patients.

As a physician, I recognize that medicines are only helpful if patients and health care systems can afford them. We share the Committee's concern with escalating health care costs and believe that our responsibility to patients extends to ensuring they can access and afford our medicines.

The average net pricing across our U.S. portfolio of medicines increased by 5 percent or less per year during the last five years. In 2018, it did not increase and we anticipate the same in 2019.

Despite this fact, we recognize that patients' out-of-pocket costs continue to increase. We believe it is possible to work together to realign incentives to ensure patients can afford medicines without stifling scientific innovation.

So what are the solutions:

- We are supportive of the proposed rule aimed at reforming the rebate system with a focus on what is best for patients.

- We need to ensure more generics are available whenever permissible under our system, and applaud Congress and the Administration's success with speeding the approval of generics.

- We support value-based purchasing arrangements that tie payments to value. These models can reduce costs, improve access and adherence, and contribute to better outcomes. We applaud efforts by Health and Human Services and the Committee to remove regulatory barriers and facilitate greater use of these arrangements.

We do not believe the U.S. should adopt policies that stifle innovation in other countries, which could reduce a patient's access to new medicines. Outside of the U.S., reimbursement of new medicines can often take more than two years. Our Opdivo and Yervoy regimen was first approved in September 2015 to treat metastatic melanoma in the U.S. Today, six of the 16 countries included in the International Price Index proposal do not provide access to this combination, which is now considered the standard of care for this cancer.

This exemplifies why Bristol-Myers Squibb does not support HHS' proposed International Price Index Model for Medicare Part B drugs.

I would like to leave you with a few thoughts.

We are witnessing a historic era in biomedical innovation. But we must ensure patients have affordable access to these innovations.

We recognize the need for change, and we are committed to working with Congress to ensure every patient can benefit from today's medical innovations.

American research-based companies are leading the next wave of biomedical innovation to help patients whose diseases cannot be adequately treated with today's medicines. We should work to ensure policies that support and reward these investments.

On behalf of my colleagues at Bristol-Myers Squibb, and the patients we serve, my sincere thanks for your time and attention today. I look forward to working together to implement real change that broadens access to innovative medicines for patients.

###